

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 456 - SB 948**

February 19, 2013

**SUMMARY OF BILL:** Requires the Department of Human Services (the Department) to request that the United States Department of Health and Human Services (HHS) mandate the use of photo identification for continued eligibility in the Temporary Assistance for Needy Families program (TANF) administered in Tennessee. Within six months of approval by HHS, the Department is required to issue a photo identification card to each eligible household with a photo of the designated caretaker relative as proof of eligibility. Upon request, the caretaker relative is required to present the photo identification card at issuance points, retail stores or services when exchanging benefits for eligible items.

The Department is also required to request that the United States Department of Agriculture, Food and Nutrition Service (FNS) mandate the use of photo identification for continued eligibility in the food stamp program administered in Tennessee. Within six months of approval by FNS, the Department is required to issue a photo identification card to each eligible house with a picture of whomever is designated as head of household as proof of eligibility. "Head of household" is defined as the individual providing the primary support and maintenance for a family. Upon request, the head of household is required to present the photo identification card at issuance points, retail food stores, or meal services when exchanging benefits for eligible food.

The Department is required to promulgate rules for the use of photo identification cards for both TANF and food stamp benefits. The rules must include whether the Department will issue separate photo identification cards to other eligible household members or list such additional persons on the photo identification card issued to the caretaker relative. All rules must be promulgated in accordance with Title 4, Chapter 5. The proposed legislation states that it must be interpreted to be consistent with federal law.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$1,595,900/One-Time**

**Increase Federal Expenditures - \$1,595,900/One-Time**

**HB 456 - SB 948**

Assumptions:

- According to the Department, both TANF and the Supplemental Nutrition Assistance Program (SNAP) use EBT cards as the means for program participants to access benefits.
- The proposed legislation will be implemented and enforced in a manner consistent with federal law.
- The proposed legislation requires the Department to issue EBT cards containing photo identification as authorized by 7 U.S.C. 2016(h), and not separate photo identification cards.
- According to the Department, federal law relative to SNAP benefits does not allow restrictions to be placed on access to benefits. 7 C.F.R. § 274.8(b)(5)(iv) authorizes a state agency to require the use of an EBT card that contains a photograph if the agency establishes procedures to ensure that all appropriate household members or authorized representatives are able to access benefits from the account as necessary. According to the Department, the Department will notify all EBT retailers relative to clients that are eligible in order to ensure access to benefits.
- According to the Department, development and implementation of a system to produce EBT cards containing photo identification, including card redesign and vendor programming, will result in a one-time increase in expenditures of \$347,500 (\$342,600 development and implementation + \$1,000 card redesign + \$3,900 vendor programming for photo identification).
- According to the Department, issuing new EBT cards containing photo identification to current EBT cardholders will result in a one-time increase in expenditures of \$2,290,400 (\$1.50 per card x 1,526,933 cardholders).
- According to the Department, notifications relative to the new EBT photo identification cards to third party processors (TTPs), networks, and the EBT processor will result in a one-time increase in expenditures of \$53,800.
- According to the Department, notifications to program participants and retailers relative to the new EBT photo identification cards will result in a one-time increase in expenditures of \$500,000.
- 7 U.S.C. §§ 2016(h) and 2025 authorize fifty percent federal reimbursement of a state's administrative costs relative to the implementation of an EBT system.
- The total one-time increase in expenditures is estimated to be \$3,191,700 (\$347,500 + \$2,290,400 + \$53,800 + \$500,000). Of this amount, \$1,595,850 are state funds (\$3,191,700 x 0.50) and \$1,595,850 are federal reimbursement funds.
- According to the Department, 21,000 replacement EBT cards are issued monthly. Issuing replacement EBT photo identification cards will not result in increased expenditures because there is no difference in recurring costs associated with producing EBT cards and EBT photo identification cards.
- If enacted, the proposed legislation will take effect January 1, 2014.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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